



To the Honorable Council
City of Norfolk, Virginia

April 26, 2016

From: David S. Freeman, AICP
Director of General Services

Subject: Lease Agreement between
the City of Norfolk and Corks and
Caps, LLC

Reviewed: Sabrina Joy Hogg
Sabrina Joy Hogg, Deputy City Manager

Ward/Superward: 2/6

Approved: Marcus D. Jones
Marcus D. Jones, City Manager

Item Number:

PH-4

I. **Recommendation:** Adopt Ordinance

II. **Applicant:** Corks and Caps, LLC
240 E. Main Street
Norfolk, VA

III. **Description:**

This agenda item is an ordinance to approve a lease agreement between the City of Norfolk (the "city") and Corks and Caps, LLC ("C & C") for city-owned property located at 240 E. Main Street.

IV. **Analysis**

This lease agreement will permit C & C to lease city-owned property for use as a wine and food retail shop. The term of the proposed lease is five (5) years, commencing on June 1, 2016 and terminating on May 31, 2021. This business would be relocating from their current location on Granby Street into the larger space being offered by the city at 240 E. Main St.

V. **Financial Impact**

The rent will be subject to a 3% annual escalation. C & C has also requested a three month rent abatement for the build out of the space.

Term	Monthly Rent	Annual Rent	Price Per Sq. Ft.
06/01/2016 – 08/31/2016	Rent abated – build out	N/A	N/A
09/01/2016 – 05/31/2017	\$1,838.38	\$16,545.42	\$16.50
06/01/2017 – 05/31/2018	\$1,894.08	\$22,729.00	\$17.00
06/01/2018 – 05/31/2019	\$1,950.91	\$23,410.87	\$17.51
06/01/2019 – 05/31/2020	\$2,009.96	\$24,119.48	\$18.04
06/01/2020 – 05/31/2021	\$2,070.12	\$24,841.46	\$18.58

Liability insurance for 240 E. Main Street (Corks and Caps, LLC)

The City has been named as an additional insured in the amount of \$1,000,000 per occurrence; therefore, there should be no financial risk to the City

VI. Environmental

There are no known environmental issues associated with this property.

VII. Community Outreach/Notification

Public notification for this agenda item was conducted through the city's agenda notification process.

VIII. Board/Commission Action

N/A


IX. Coordination/Outreach


This letter and ordinance have been coordinated with the Department of General Services – Office of Real Estate and the City Attorney's Office.

Supporting Material from the City Attorney's Office:

- Ordinance
- Exhibit A to Ordinance – Proposed Lease Agreement
- Current Floor Plan for space

3/24/2016 -wld

Form and Correctness Approved: 

By 
Office of the City Attorney

Contents Approved:

By 
DEPT. General Services

NORFOLK, VIRGINIA

ORDINANCE No.

AN ORDINANCE APPROVING A LEASE AGREEMENT WITH CORKS AND CAPS, LLC FOR THE LEASE OF CITY OWNED PROPERTY LOCATED AT 240 E. MAIN STREET.

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BE IT ORDAINED by the Council of the City of Norfolk:

Section 1:- That the Lease Agreement, a copy of which is attached hereto as Exhibit A, between the City of Norfolk ("City") and Corks and Caps, LLC ("C&C"), whereby the City leases certain property located at 240 E. Main Street to C&C for use as a wine and food retail shop, is hereby approved.

Section 2:- That the City Manager and other proper officers of the City are authorized to execute the Lease on behalf of the City and to do all things necessary and proper to carry out its terms.

Section 3:- That the City Manager is further authorized to correct, amend or revise the Lease Agreement as he may deem advisable in order to carry out the intent of the Council.

Section 4:- That this ordinance shall be in effect from and after thirty (30) days from the date of its adoption.

EXHIBIT A TO ORDINANCE

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") made this _____ day of _____, 2016, by and between the **CITY OF NORFOLK**, a municipal corporation of the Commonwealth of Virginia, Lessor, and **CORKS AND CAPS, LLC**, a Virginia corporation, Lessee.

WITNESSETH:

1. **PREMISES.** Lessor, for and in consideration of the rents, covenants and agreements hereinafter mentioned, reserved and contained, to be paid, kept and performed by Lessee, does hereby demise and lease unto Lessee, and Lessee does hereby lease from Lessor, the property owned by the City of Norfolk located at 240 E. Main Street, 1,337 square feet in area, as shown in Exhibit A attached hereto ("Premises").

2. **USE.** Lessee covenants and agrees to use and occupy Premises for the operation of a wine and food retail shop and for no other purpose.

3. **LEASE TERM.** This lease agreement is for a five year term and will commence on June 1, 2016 ("Commencement Date") and will terminate on May 31, 2021 ("Termination Date"), subject to the default provisions contained in Section 24.

4. **EARLY TERMINATION.** Lessee may vacate Premises at any time, upon sixty (60) day's prior written notice to Lessor, provided that Lessee is not in default of any condition or term of this Lease Agreement. Lessor may terminate this Lease, without cause, upon sixty (60) day's prior written notice to Lessee.

5. **RENT:** Rent shall be made payable to the Norfolk City Treasurer and shall be in such sums as are set forth in the table below. The rent amount will increase 3% annually in each successive year of the lease.

Term	Rent PSF	Annual Rent	Monthly Rent
06/01/2016-08/31/2016	N/A	N/A	Rent abated – build out
09/01/2016-05/31/2017	\$16.50	\$16,545.42	\$1,838.38
06/01/2017-05/31/2018	\$17.00	\$22,729.00	\$1,894.08
06/01/2018-05/31/2019	\$17.51	\$23,410.87	\$1,950.91
06/01/2019-05/31/2020	\$18.04	\$24,119.48	\$2,009.96
06/01/2020-05/31/2021	\$18.58	\$24,841.46	\$2,070.12

The rent shall be paid in monthly installments, notwithstanding the 90 day buildout period stated above, made promptly on the first day of each month during the term of this Lease without demand and without offset or deduction. No payment by Lessee or receipt by Lessor of a lesser amount than the monthly installment stipulated in this Lease shall be deemed other than on account of the earliest stipulated rent, nor shall any endorsement or statement on any check or payment, or any writing accompanying any check or payment of such rent, be deemed an accord and satisfaction, and Lessor may accept such check or payment without prejudice to Lessor's right to recover the balance of such rent or pursue any other remedy provided in this Lease.

6. PAST DUE RENT AND LATE CHARGES: Lessee hereby acknowledges that late payment by Lessee to Lessor of rent or other sums due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges. In the event Lessee shall fail to pay, when the same is due and payable, any Rent, charges or adjustments, and if said sums have not been paid within five (5) days of their due date, then Lessee shall pay to Lessor a "Late Charge" of five percent (5%) of the amount due on all rents. Lessee further covenants and agrees to pay Lessor as a "bad check" or returned check charge the amount of Fifty Dollars (\$50.00) per bad check.

7. SECURITY DEPOSIT: Lessee has deposited with Lessor a security deposit of One Thousand Eight Hundred Thirty Eight Dollars and 0/100 (\$1,838.38) ("Deposit"), which shall be held by Lessor, without liability for interest thereon, as security for the full and faithful performance by Lessee of each and every term, covenant, and condition of this Lease on the part of Lessee to be observed and performed.

If any sum payable by Lessee to Lessor shall be overdue and unpaid, if Lessor shall make payments on behalf of Lessee, or if Lessee shall fail to perform any of the terms or covenants of this Lease, then Lessor, at its option, and without prejudice to any other remedy which Lessor may have on account thereof, may appropriate and apply the Deposit, or so much thereof as may be necessary, to compensate Lessor for the payment of such sums due or for any loss, damage or expense sustained from such default. In such event, Lessee, promptly upon demand, shall restore the Deposit to the full amount. In the event Lessee shall fully and faithfully comply with all of the terms, covenants and conditions of this Lease, the Deposit shall be returned in full to Lessee following the Termination Date and the surrender of the Premises by Lessee.

In the event any bankruptcy, insolvency, reorganization, or other creditor-debtor proceedings shall be instituted by or against Lessee, the Deposit shall be deemed to be applied first to the payment of any rents and/or other charges due Lessor for all periods prior to the institution of such proceedings and the balance, if any, of such Deposit may be retained by Lessor in partial satisfaction of Lessor's damages.

8. UTILITIES AND OTHER COSTS: Lessee will pay all charges when due for water and sewerage, gas and electricity and other utility charges and utility taxes in connection with the Premises. Lessee will also be responsible for all janitorial costs.

9. NO JOINT VENTURE: It is hereby agreed that nothing contained in this Lease shall be deemed or construed as creating a partnership or joint venture between Lessor and Lessee, or between Lessor and any other party, or cause either party to be responsible in any way for the debts or obligations of the other party.

10. NO ASSIGNMENT OR SUBLEASE: Lessee covenants not to assign, mortgage or encumber this Lease nor sublet or suffer or permit the Premises or any portion thereof to be used by others without the prior written consent of the Lessor in each instance. The transfer of fifty percent (50%) or more of Lessee's stock, if Lessee is a corporation, or the transfer of twenty-five percent (25%) or more partnership interest in Lessee, if Lessee is a partnership, or the dissolution of Lessee as a corporation or partnership, is regarded as an assignment of the Lease, and the same is not permitted without the prior written consent of the Lessor. Lessee and any guarantors shall remain liable for this Lease, its terms and covenants in such event that the Lessor does grant consent to an assignment or sublease, and shall guarantee the performance of the assignee or sublessee without the need for guarantor's signature or consent thereto.

11. INDEMNIFICATION AND LESSEE'S INSURANCE: Lessee, at its own cost and expense, shall obtain and maintain Comprehensive General Liability Insurance on the Premises for the joint and separate benefit of Lessor and Lessee in an amount not less than \$1,000,000 for injury to or death of any person or persons, \$2,000,000 for any one occurrence, and \$500,000 for property damage, or in such higher limits as shall be reasonably required by Lessor.

Lessee will be responsible for any and all damages to Lessee's inventory, furniture, fixtures and equipment, and will, at all times during the lease term and at its own cost expense, maintain all risk property insurance against damage by fire or other perils in an amount equal to the replacement value of all parts of the Premises for which the Lessee is responsible. Each insurance policy shall be so written as to protect the Lessor and the Lessee, as their respective interests may appear, and all liability policies shall specifically name the Lessor as an Additional Insured under the policy. If Lessee fails to provide such insurance, Lessor may terminate this lease with ten (10) days notice to Lessee. Certificates of Insurance verifying all required insurance policies shall be delivered to the Lessor prior to the Lessee's occupancy or build-out of the leased space.

Lessee agrees to look solely to the proceeds of Lessee's own insurer for indemnity against exposure for casualty losses of property or business interruption. Lessee warrants that its liability, property and business interruption insurers shall have no rights against Lessor by virtue of assignment loan agreement or otherwise.

Lessee shall indemnify Lessor for and against any and all claims, demands, suits, actions and judgments of any kind or nature whatsoever, including costs and expenses, for any personal injury or property damage to any person, or property, arising or resulting, directly or indirectly, from the entry onto the Premises by Lessee or Lessee's agents.

12. ACCEPTANCE OF PREMISES: Lessee hereby agrees to accept the Properties from the Lessor as they are found by Lessee in "as is and where is" condition.

13. ESTOPPEL CERTIFICATE: Lessee shall, from time to time and within ten (10) days after request therefore by the Lessor, execute, acknowledge and deliver to the Lessor or its Agent a written Estoppel Certificate in recordable form. The Estoppel Certificate shall certify to the Lessor, its Mortgagee or other party designated by the Lessor, as of the date of such Estoppel Certificate that (a) the Lessee is in possession of Premises and is currently paying the Base Rent reserved hereunder; (b) the following Lease dates are and have been established: the Commencement Date and Termination Date of the Lease and that date upon which the Lessee started to pay rent; (c) that this Lease is unmodified and in full force and effect, or if there have been modifications, that the same are in full force and effect as modified and setting forth such modifications; (d) that there are no existing set-offs or defenses against the enforcement of any rights or remedies of the Lessor, or any duty or obligation of the Lessee, hereunder, and if so, specify the same in detail; and (e) that the Lessee has no knowledge of any event having occurred that will authorize the termination of this Lease by the Lessee, or that the Lessee has no knowledge of any uncured defaults on the part of the Lessor under this Lease, or if the Lessee has such knowledge, specifying the same in detail. In the event that the Lessee does not execute and deliver such Estoppel Certificate, as required herein, then this Article 12, for purposes of this Lease, shall be and shall constitute an Irrevocable Power of Attorney, appointing and designating the Lessor, its successors and assignees, as the Lessee's attorney-in-fact to execute and deliver such Estoppel Certificate as herein provided.

14. SUBORDINATION AND ATTORNMENT: Lessee agrees that this Lease is subordinate to any mortgage or lien resulting from financing or refinancing, now or hereafter placed upon the land on which the Premises have been built or upon any building hereafter placed upon the land, of which the Premises are a part. Lessee will further attorn to and acknowledge the foreclosure purchaser or purchasers as the Lessor hereunder. This shall be self-operative and no further instrument of subordination shall be required by any mortgagee. However, Lessee shall, upon the request of any party in interest, promptly execute such instrument or certificate to carry out the intent thereof. Lessor agrees to use its best efforts to obtain a non-disturbance agreement.

15. QUIET ENJOYMENT: Lessor hereby covenants that Lessee, upon fully complying with and promptly performing all the terms, covenants and conditions of this Lease, on its part to be performed, and further, upon the prompt and timely payment of all rental sums due hereinunder, shall have and quietly enjoy the Premises for the Lease Term set forth herein.

16. MAINTENANCE BY LESSOR: Lessor covenants that it will, at its own cost and expense and with reasonable dispatch after being notified in writing by Lessee of the need therefore, make such repairs to the outside utility lines and exterior of the Premises, including the foundation, roof, gutters, down spouts and outside walls, but excepting all storefronts, glass, doors, awnings and canopies, as may be necessary to keep the same in a good, workmanlike condition of repair. Further, Lessor, at its own cost and expense, will maintain the heating, ventilating and air conditioning system, a.k.a. the HVAC system (including compressors and other major components), wires and conduits, electric lines, electric panel boxes, and any outdoor lighting, except where any of these items are installed by the Lessee to serve the Lessee's business.

17. MAINTENANCE BY LESSEE: Lessee covenants that it will, during the Term hereof, maintain the interior of the Premises and perform routine repairs and maintenance to items such as toilets, pipes, plumbing, and any fixtures installed by Lessee to serve the Lessee's business.

18. ADDITIONAL COVENANTS BY LESSEE: Lessee shall not make alterations, additions or improvements to the building structure of which the Premises are a part without first obtaining Lessor's written approval and consent. For purposes of this Lease, the structural components of the building are hereby defined as the foundation, structural steel, roof, exterior walls, storefront components including storefront glass and doors, back doors, or loading doors, existing interior plumbing improvements, exterior plumbing lines, HVAC unit components and ductwork, electric service, ceiling and light fixtures and common areas. Lessee shall present to Lessor plans and specifications for any such work at the time approval is sought from Lessor for Lessee structural modifications.

Lessee has the right to install its store trade fixtures in the Premises, provided that such installation does not damage the construction of the building nor interfere with the structural components of the building of which the Premises are a part. Such installations shall be at the sole risk and at the expense of the Lessee. All fixtures installed by Lessee shall remain the property of Lessee, and if the Lessee is not in default of the Lease, its terms and covenants herein, the same fixtures shall be removed by Lessee at the expense of the Lessee at the end of the Lease. Lessee further agrees to repair and/or to reimburse Lessor for the cost of repair for any damages to the Premises caused by the installation and removal of its trade fixtures. In the event that fixtures are left behind or abandoned, Lessee shall pay to Lessor any expenses associated with repairs to the Premises caused by the removal of same fixtures.

Lessee's signage is subject to and shall be within the sign criteria established by the Department of City Planning of the City of Norfolk. Design of storefront signage and fabrication and installation of the same shall be approved by the Lessor or its Agent in writing prior to sign installation by Lessee at Lessee's expense. Lessee further agrees to maintain such storefront signage, awning signs, canopy signs, show window lettering, door signs or additional similar advertising signs in a good condition of repair and attractive display at all times.

Signs installed by Lessee are the property of Lessee, and if Lessee is not in default hereunder, shall also be removed by Lessee at the end of the Lease Term at Lessee's expense. Signs that are left behind or abandoned become the property of the Lessor. If Lessee abandons sign upon termination of this Lease, or sooner, Lessor shall have the right to remove the sign and Lessee agrees to be responsible and liable for the cost of such removal and the cost of such repairs occasioned by same removal.

Lessee will not use nor permit the Premises to be used for any illegal or immoral purpose. Lessee hereby agrees to comply with all Federal, State and Municipal laws, ordinances and regulations as they relate to Lessee's business and/or to the Premises in which the Lessee's business is located, and the use, storage and disposal of hazardous substances.

Lessee shall not make any use of the Premises, which would make voidable or void any policy of fire or extended coverage insurance covering any of the buildings or cause the buildings

to become uninsurable. Lessee covenants that, without prior written consent of the Lessor, Lessee will not do anything which will increase the rate of fire insurance premium on the building. If by reason of any use by Lessee of the Premises or the keeping by Lessee of any flammable substances in the Premises, the hazardous insurance premiums or policies maintained by Lessor shall be increased over normal rates for the building, the amount of the increase in the Lessor insurance premium shall be paid to Lessor by Lessee from time to time on demand. Lessee hereby covenants that it shall cease and desist any activity so affecting the insurability of the Premises upon written demand of the Lessor.

Lessee will not use nor permit to be used any advertising medium or device such as audio broadcast, loudspeaker, radio, public address system, remote radio station, or flashing or digital reader sign, without the prior written consent of the Lessor.

Lessee shall not hold any fire, bankruptcy, and going-out of business or auction sales, without the prior written consent of the Lessor.

Lessee shall not use the sidewalks or any other portions of the common areas for any purpose related to the selling of merchandise or services without the Lessor's consent in writing.

Lessee shall notify Lessor in writing of all accidents or security-related incidents, i.e. crimes against person(s) and property, which occur in or about the Premises.

Lessee is hereby responsible and liable for any freezing in pipes and/or within plumbing fixtures and shall pay for the damages incurred. Lessee shall keep the Premises at a sufficient temperature to prevent such freezing or make such arrangements with the local Utility to prevent freeze-ups.

Lessee shall be required to obtain and maintain, at its own cost and expense, any and all licenses or permits required for development of its business, and any operational or logistical licenses or permits required for any construction work to be completed by Lessee.

19. LESSOR'S INSPECTION AND ACCESS: Lessor or its Agent, employees and/or contractors shall have the right to enter the Premises at any reasonable time to examine the same; to show the Premises to prospective purchasers, lenders, or prospective Lessees of the Premises; and to make such repairs, alterations, improvements or additions as Lessor may deem necessary or desirable. If Lessee is not personally present to permit entry and an entry is necessary, Lessor or its Agent may, in the case of emergency, or if the Premises are unsecured and temporarily unoccupied, forcibly enter or secure the same, or take such other steps to address the emergency that Lessor deems appropriate, without rendering Lessor liable therefore. Otherwise, all such work and installation shall be done, so far as practical, so as not to unreasonably interfere with Lessee's use of the Premises. Lessee also hereby grants unto Lessor and its Agent the right, within four (4) months prior to the Termination Date, to post and to remain thereon, without hindrance or destruction, the usual notice of "For Rent" on the storefront glass or front walls of said Premises. The exercise of any of these reserved rights by Lessor shall not be deemed as an eviction or disturbance of Lessee's use, possession and quiet enjoyment of the Premises, and shall never render Lessor liable in any manner to Lessee or any other person.

20. WAIVER OF SUBROGATION: Lessor and Lessee waive all right of recovery against each other for any loss in or about the Properties, from perils insured against and under the fire insurance contract, including any all risk endorsements thereof, whether due to negligence or any other cause. This release of liability shall be operative only as long as waiver of subrogation clauses are available on insurance policies, in the amounts, form, kinds and with a company satisfactory to Lessor.

21. INDEMNITY AGAINST LIENS: Lessee agrees that it will, at all times during this Lease, take any and all steps necessary to prevent the filing of mechanics liens against the Premises. Lessee further agrees to indemnify and save the Lessor harmless from and against any and all liabilities incurred by Lessee or claimed or charged against the Premises. Lessee shall promptly pay, or otherwise discharge, any and all such claims, expenses and liens, including the mechanic's materialmen's and other laborer's liens asserted or claimed against the Premises or any part thereof. In no event shall Lessor or any of the Lessor's property be liable for or chargeable with any expense or lien for work, labor or materials used for and in the Premises; or for any improvements thereof or changes made upon the order of Lessee, or to discharge the obligations of the Lessee.

22. FIRE AND/OR DESTRUCTION: If the Premises shall be damaged by fire or other casualty during the Term hereof, Lessor agrees that it will restore the structural components and items, as defined in Section 17 hereof, with reasonable dispatch to substantially the same condition that they were in so far as the proceeds from Lessor's insurance permit and, further provided that, Lessor's mortgagee does not require insurance proceeds to be paid to it. Once Lessor restoration work is complete, and since time is of the essence, Lessee's rent payment shall re-commence on the date that Lessee reopens for business but no later than the sixtieth (60th) day after Lessor notifies Lessee in writing that the Premises are ready for fixturing. The Lessee shall be responsible, at its sole cost and expense, to repair or replace any and all of the Lessee's fixtures, equipment and leasehold improvements, which were damaged or destroyed by the same insured cause. The rent payable hereunder shall be equitably and proportionately abated, according to loss of use to Lessee, during the period of time intervening between the date of such fire and/or destruction and the date that the Premises are restored. However, if the damage is due to the fault or the negligence of the Lessee or its employees, there shall be no abatement of rent. If such destruction occurs, during the last two (2) years of the term and exceeds fifty percent (50%) of the insurable value of the Premises at the time of such destruction occurs, Lessor, at its option, may terminate this Lease as of the date of such destruction by giving Lessee written notice of its intention to do so within sixty (60) days after such date of destruction. If this Lease is so terminated, then the rent payable hereunder shall be abated as of the date of same destruction and Lessee shall remove all its property from the Premises within thirty (30) days after the receipt of written notice of termination. Unless Lessor gives such notice, this Lease shall remain in full force and effect and Lessor shall repair such damage as its expense, as expeditiously as possible under the circumstances. Notwithstanding the foregoing, in the event of damage to the Premises by fire or casualty which is not the result of Lessee's negligence, and which cannot be repaired within one hundred eighty (180) days of occurrence, Lessor or Lessee shall have the right to terminate this Lease by giving the other party thirty (30) days prior written notice.

23. FORCE MAJEURE: In the event that either party hereto shall be delayed or hindered in, or prevented from, the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war or other reason of a like nature, not the fault of the party delayed in performing the work or doing acts required under the terms of this Lease, then performance of such acts shall be excused for the period of the delay; and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay; provided, however, that the provisions of this Lease shall not operate to release Lessee from this Lease nor to excuse Lessee, nor shall Lessee in any event be excused from prompt payment of rent and adjustments, and all other charges due Lessor by Lessee.

24. EMINENT DOMAIN: If all the Premises are condemned or taken by the power of eminent domain exercised by any governmental or quasi-governmental authority, this Lease shall terminate as of the date that the Lessee is required to vacate the Premises and all Rent shall be paid up to and until same date of termination. If only part of the Premises shall be taken and the size of the Premises are proportionately reduced, then the Lessee is entitled to an equal and proportionate reduction in Rent. Further, Lessor shall, as expeditiously as possible, repair the remaining portion of Premises to the extent necessary to render the same suitable for which the Premises were leased. Lessee hereby waives any right that it may have to any condemnation award or sum paid under threat of condemnation as a result of a complete or partial taking of the Premises and/or any portion of the common areas. If there is only a partial taking of the common areas, this Lease shall not terminate and this Lease shall remain in full force and in effect. After partial taking of the common areas, the Lessor, within a reasonable time thereafter, shall repair or reconstruct the remaining portion of the common areas to the extent necessary to make the same a complete architectural unit.

25. LESSEE'S DEFAULT: The occurrence of any one of the following events constitutes a default by the Lessee and a breach of this Lease and its covenants by the Lessee, if such default, breach or non performance is continued and not cured within ten (10) days after written notice from Lessor: (a) The vacating or abandonment of the Premises by Lessee, or the failure of the Lessee to be open for business and for the conduct of business as described in the Use Clause Article found in this Lease Agreement, (b) The failure by Lessee to make any payment of rent and adjustments on or before the due date thereof, (c) The failure by Lessee to perform any covenants herein or the breach by Lessee of any Lease covenants herein, other than those described in this section, and the further failure by Lessee to cure such covenant breach or non-performance, or to commence to cure and diligently pursue the cure of the covenant breach or non-performance which cannot be fully remedied within ten (10) days, (d) Petition by Lessee for bankruptcy, insolvency, or general assignment for the benefit of its creditors, or receiver appointment for Lessee for the substantial part of its assets and properties and such receiver is not removed within ten (10) days after its appointment, (e) If the Lessee shall default as described in this section, or in the performance of any covenant contained in this Lease, and if such default is repeated once within the next twelve months then, notwithstanding that such defaults shall have been cured within the period after notice as herein provided, any further similar default within such twelve month period shall be deemed a Lessee Default which cannot be cured, notwithstanding provisions for cure provided in this Lease. Upon such default, the Lessor may proceed, with five days notice but no opportunity for cure, to exercise its remedies upon default.

26. LESSOR'S REMEDIES: In the event of Lessee Default, including Lessee's abandonment or vacating the Premises, Lessor shall have the right, in addition to all other rights and remedies provided by the law, to terminate this Lease, and/or to re-enter and take possession of the Premises, peaceably or by force, and/or to change the locks thereto and to remove any property and merchandise therein, without liability to Lessee for damage arising therefrom and without obligation to Lessee to store any merchandise and property. Any costs of removal and storage of Lessee's fixtures, inventory, equipment or any other personal property shall be the expense of Lessee and shall be added to all sums owed by Lessee to Lessor. Further, Lessor is under no obligation to Lessee, after default or abandonment, to relet the Premises in the name of Lessee or for the benefit of the Lessor. Lessor may, at its option and without subsequent notice to Lessee, re-let the Premises for such term and on such covenants and purposes as Lessor, in its sole discretion, may determine are in the best interest of the Lessor. Lessor may collect and receive all rents derived therefrom and apply the same, after deduction of appropriate expenses, to the payment of the rent overdue and payable hereunder from the Lessee in default. The Lessee in default shall remain liable for any deficiency. Further, Lessor shall not be responsible for or liable for any failure to re-let the Premises or any part hereof, or for any failure to collect any rent connected therewith. The Lessor's recovery of possession of the Premises by any means shall not relieve the Lessee of its obligation to pay rent and adjustments through the term of the Lease, including any extensions in effect at the time of default under which Lessee then occupies the Premises.

Acceptance by Lessor of delinquent rent from Lessee after Lessee Default shall not cure such default or entitle Lessee to possession of the Premises. Lessee hereby expressly waives any and all rights of redemption, if any, granted by and under any present or future law, in the event that Lessee shall be evicted or dispossessed for any cause in default or in the event that the Lessor obtains possession of the Premises by virtue of the remedies outlined in this Lease, or otherwise. The receipt by Lessor of rent with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach, and no waiver by Lessor of any covenant hereof shall be deemed to have been agreed upon, unless explicitly reduced to written agreement and signed by Lessor and Lessee.

All remedies of Lessor shall be cumulative.

27. ATTORNEYS' FEES: Lessee hereby agrees to pay all costs incurred by the Lessor on account of the Lessee's default, including but not limited to collection costs, court costs and attorney fees in an amount equal to twenty-five percent (25%) of any money owed to Lessor by Lessee at the time and accruing after Lessor requests the assistance of an attorney. If Lessee's default is a non-monetary default, lessee shall pay the greater of Two Hundred Fifty Dollars (\$250.00) or Lessor's actual attorney's fees.

28. TERMINATION AND SURRENDER: Upon the Termination Date of this Lease, Lessee shall surrender the Premises to Lessor in as good condition as they were found upon the Lessee taking possession of the Premises; except for ordinary wear and tear, reduction of the Premises by condemnation or damage by fire, destruction or other casualties or causes beyond Lessee's control. Lessee shall deliver to Lessor or its Agent all keys to the Premises and remove

all its personal property, merchandise and trade fixtures. After Lessee vacation or Lessee abandonment, Lessor may elect to retain or dispose of, in any manner, Lessee alterations and improvements or Lessee's personal property that Lessee does not remove from the Premises before or after the Termination Date. Title to any such Lessee alterations or Lessee's personal property, that Lessor elects to retain or dispose of after the Termination Date, shall vest to and in the Lessor. Lessee waives all claims against Lessor for any damage to Lessee resulting from Lessor's retention or disposition of any such alterations or personal property. Lessee is further liable to Lessor for Lessor's expenses and costs for removing and disposing of any Lessee alterations or Lessee personal property, which Lessor does not elect to acquire.

29. WAIVERS: The failure of Lessor to insist, in any one or more instances, to strict performance by Lessee as to any Lease covenants shall, not be construed as a waiver by Lessor or relinquishment, in the future, of such covenants, but the same shall continue and remain in full force and effect. The receipt by Lessor or its Agent of rent with knowledge of a covenant breach hereof shall not be deemed a waiver of the same covenant breach, and no waiver by Lessor of any provision hereof shall be deemed to have been agreed upon unless expressed in writing and signed by the parties hereto.

Lessee hereby waives the benefit of the homestead exemption as to this Lease.

30. EXCULPATION: The term "Lessor" as used in this Lease means only the owner, for the time being or at the time of Lease execution by Lessee, of the building in which the Premises are located or the owner of a Lease of both said building and the land thereunder. Lessor shall be liable for the performance of its obligations hereunder only to the extent of Lessor's assets as they pertain to the Premises. The Lessor and its officers, agents, employees, successors and assignees shall not be liable personally. Further, the liability of the Lessor shall not extend beyond the period of time of Lessor's ownership of the Premises.

31. SUCCESSORS AND ASSIGNS: All the terms, covenants and agreements of this Lease shall extend to and be binding upon the Lessor and be binding upon the Lessee and its respective heirs, administrators, executors, successors, assignees, sublessees, concessionaires, marital communities, if any, and their respective assigns; and/or upon any person or persons coming into ownership or possession of any interest in the Premises by operation of law or otherwise.

32. NOTICES: Any notice herein provided for to be given to Lessor shall be deemed to be given if and when posted in United States registered or certified mail, postage prepaid, addressed to:

LESSOR'S NOTICE ADDRESS:

Marcus D. Jones, City Manager
City Manager's Office
810 Union Street, Suite 1100
Norfolk, Virginia 23510

Copy to:
Jim Resolute
Department of Real Estate
232 E Main Street, Suite 250
Norfolk, Virginia 23510

LESSEE'S NOTICE ADDRESS:

Melanie Nusbaum
Corks and Caps, LLC
304 Bay Dunes Drive
Norfolk, Virginia 23503

Any notice herein provided for to be given to Lessee shall be deemed to be given if and when posted in United States registered or certified mail, postage prepaid.

Either party may, at any time, change its address for the purposes of notice hereof by sending a written notice to the other party stating the change and setting forth the new address.

33. SALES OR LEASEHOLD TAXES: Lessee will be responsible for the payment of any sales or leasehold tax, or other tax, levied by any governmental authority. Such tax payment shall be paid directly to the appropriate governmental authority by Lessee promptly after receipt of any such tax bill.

34. AMERICANS WITH DISABILITIES ACT: In the event that any federal, state, or local government authority (the "Applicable Authority") with jurisdiction determines that the exterior and/or interior of the Premises are not in compliance with the Americans with Disabilities Act of 1990 (the "ADA"), Lessor, at its sole cost, agrees to take such remedial action as is required by the Applicable Authority pursuant to the ADA to correct or remedy such noncompliance. Alternatively, if in Lessor's judgment the remedial or corrective measures proposed by the Applicable Authority do not have to be performed in order for Lessor to be in compliance with the ADA, Lessor may contest, at its sole cost, such matter in lieu of performing the remedial action. However, upon final judgment being entered against Lessor in a court of competent jurisdiction with regard to ADA requirements, Lessor agrees to take such remedial actions, at its sole cost, as ordered by such court.

35. BROKER: The Lessee is not represented by a Broker in this transaction.

36. ENTIRE AGREEMENT: This Lease contains the entire agreement of the parties hereto. Any and all oral or written agreements, understandings, representations and warranties, promises and statements of the parties hereto or from their respective officers and directors or from their partners, Agents or brokers with respect to the subject matter of this Lease, and any matter not covered and mentioned in this Lease, shall be inferior and be merged in and by this Original Lease. No such prior oral or written agreement, understanding, representation or warranty, promise or statement shall be effective or binding for any reason or purpose, unless specifically set forth in this original Lease. No provision of this Lease may be amended or added to except by an agreement

in writing, signed by the parties hereto or their respective successors in interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.

37. SEVERABILITY: In the event that any provision herein is unlawful, or otherwise unenforceable, it shall be severed and deemed null and void and shall not impair the validity of the remaining provisions of this Lease.

IN WITNESS WHEREOF, the parties have caused this Lease to be executed by their duly authorized officers and their corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

CITY OF NORFOLK

By: _____ (SEAL)
City Manager

Attest:

City Clerk

**COMMONWEALTH OF VIRGINIA
CITY OF NORFOLK, to-wit:**

I, _____, a Notary Public in and for the City of Norfolk, in the Commonwealth of Virginia, whose term of office expires on the _____ day of _____, 20____, do hereby certify that Marcus D. Jones, City Manager, or his duly authorized Assistant City Manager, and R. Breckenridge Daughtrey, City Clerk, respectively, of the City of Norfolk, whose names as such are signed to the foregoing Lease Agreement, have acknowledged the same before me in my City and State aforesaid.

Given under my hand this _____ day of _____, 2016.

Notary Public
Registration No. _____

Approved as to Contents:

Director of General Services

Approved as to Form and Correctness:

Deputy City Attorney

CORKS AND CAPS, LLC

By: _____
Name (Printed): _____
Title: _____

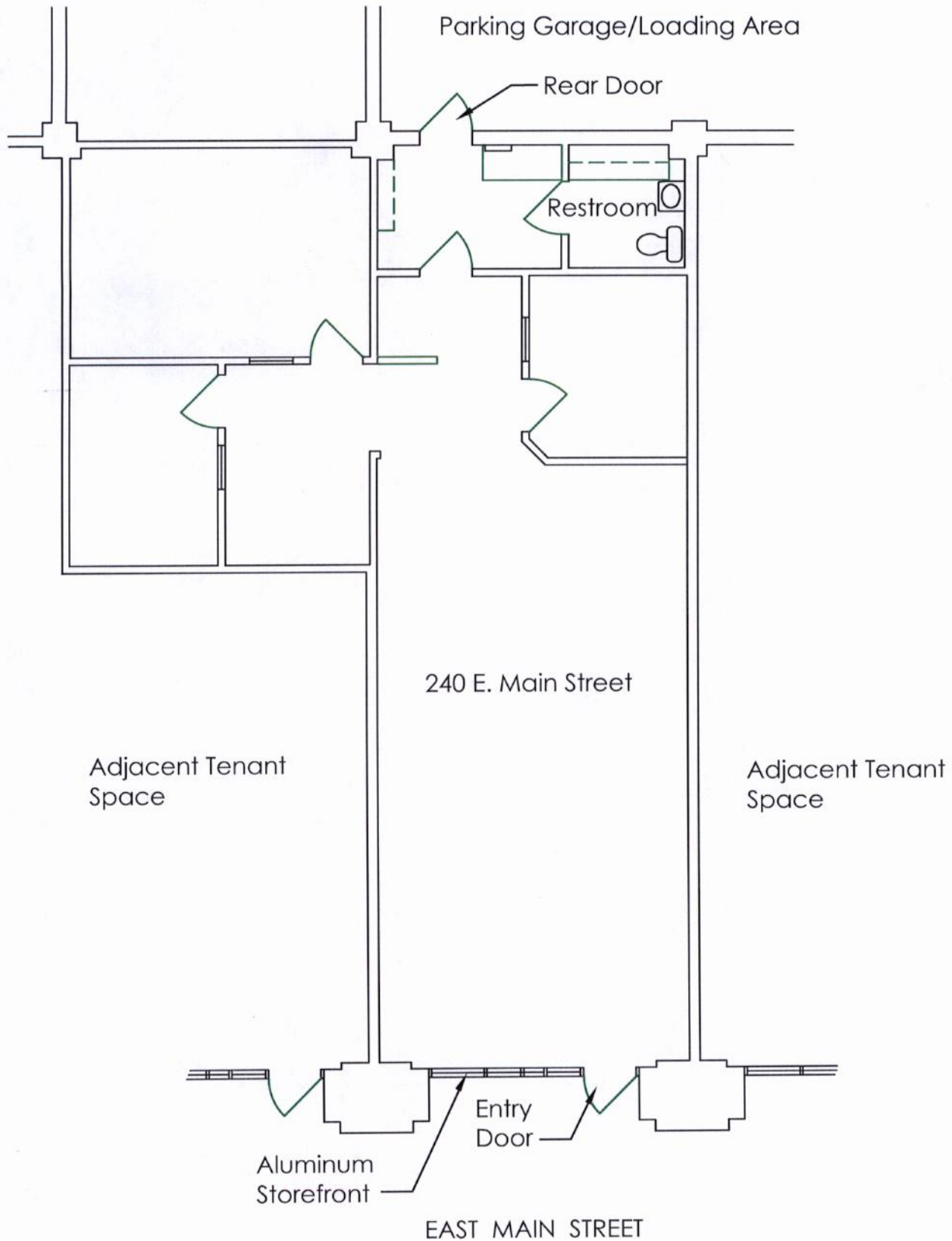
**COMMONWEALTH OF VIRGINIA
CITY OF NORFOLK, to-wit:**

I, _____, a Notary Public in and for the City of Norfolk, in the State of Virginia, do hereby certify that _____ (Title) of Corks and Caps, LLC, whose name is signed to the foregoing Lease Agreement, have acknowledged the same before me in my City and State aforesaid.

Given under my hand this _____ day of _____, 2016.

Notary Public
Registration No. _____

EXHIBIT A



FLOOR PLAN



0 4' 8' 16'



GRAPHIC SCALE

240 E. Main Street